

## **FEDERAL MARITIME COMMISSION**

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### **SECTION 15 ORDER REGARDING THE PACIFIC PORTS OPERATIONAL IMPROVEMENTS AGREEMENT AND MARINE TERMINAL SERVICES AND CHASSIS-RELATED ISSUES AT UNITED STATES PACIFIC COAST PORTS**

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#### **PETITION OF HANJIN SHIPPING CO., LTD. FOR RELIEF FROM SECTION 15 ORDER**

Hanjin Shipping Co., Ltd. respectfully requests that the Commission withdraw its July 10, 2015, Section 15 Order, as applied to Hanjin Shipping Co., Ltd. (“Hanjin”). The Section 15 Order was issued to the vessel-operating common carrier members of the Pacific Ports Operational Improvements Agreement (“PPOIA”) (FMC Agreement No. 201227) in order to help the Commission assess the likely effect of the agreement on competition, rates and service pursuant to the 6(g) standard in 46 U.S.C. § 41307. Yesterday, Hanjin submitted notice of its withdrawal from PPOIA (attached), and it will no longer be participating in the agreement, effective immediately. Accordingly, it appears that there is little benefit to the Commission in continuing to enforce the Section 15 Order against Hanjin.

As the Commission noted in its Order, the purpose of PPOIA is to permit the agreement’s marine terminal operator and ocean common carrier parties to address and cooperate on matters to alleviate congestion and improve the efficiency of operations at ports on the U.S. Pacific Coast. However, Hanjin now has determined not to continue its membership in the PPOIA agreement. As a result, information and documents regarding Hanjin’s terminal service arrangements, chassis operations, and its views on the PPOIA authority and potential future operations, no longer appear to be relevant to the Commission’s assessment of PPOIA under the Shipping Act’s 6(g) standard.

In addition, the burden to Hanjin of responding to the order would be substantial. The order not only requests respondents to compile and produce numerous terminal agreements, but it also requires carriers to respond to complex, multi-part questions regarding chassis ownership, repair and maintenance, and the relationship of PPOIA authorities thereto. These questions blend legal and factual inquiries, and also draw in labor concerns, referencing the current ILWU collective

bargaining agreement. As a result, it is likely that Hanjin would have to expend significant staff and executive time, legal fees, and other costs to respond to the Order. These costs and burdens appear unreasonable in light of the minimal benefit likely to come from Hanjin's responses. Moreover, given that a number of the questions look ahead to PPOIA's future role, it would not seem appropriate or even practicable for Hanjin to weigh in on these matters under the circumstances.

Hanjin remains committed to working cooperatively and constructively with the Commission and its staff whenever necessary in furtherance of the agency's mission. In this instance, however, we believe that the burden to Hanjin from responding to the Order far outweighs any potential value or benefit to the Commission that might come from obtaining those responses, in light of Hanjin's withdrawal from PPOIA. As a result, we respectfully request that the Section 15 Order be withdrawn as it applies to Hanjin.

Respectfully submitted,



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